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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 07/18/07

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3) Prime Minister's Official Residence (Kantei)

Prime minister's schedule, July 17

NIKKEI (Page 2) (Full)

July 18, 2007

07:54

Attended a meeting of the Strategic Council to Think about the Future of Food at Kantei.

08:06

Met with MOFA Asian and Oceanian Affairs Bureau Director-General Sasae. Afterwards, attended a monthly economic meeting of relevant cabinet members.

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09:01

Attended a cabinet meeting. Afterwards, met with Minister of Internal Affairs and Communications Suga.

10:11

Met with Cabinet Intelligence Director Mitani and then Deputy Chief Cabinet Secretary for Crisis Management Noda.

13:11

Met with Deputy Chief Cabinet Secretary Matoba.

15:03

Attended a meeting of relevant bureau directors-general on the Chuetsu earthquake in Niigata Prefecture.

15:57

Met with House of Representatives member Yoshiaki Harada at LDP headquarters.

17:00

Met with LDP Policy Research Council Chairman Nakagawa.

18:30

Filmed message for the international exchange student program "Japan Tent."

19:07

Arrived at Kantei residence.

4) US offers \$100,000 in relief to quake victims

SANKEI (Page 5) (Full)

July 18, 2007

The Ministry of Foreign Affairs announced that the US government will extend \$100,000 in relief aid to help the victims of the Chuetsu earthquake in Niigata Prefecture. US Forces Japan (USFJ) also made an offer of goods to Japan. The Japanese government intends to accept these offers. When another earthquake hit Niigata in October 2004, the US likewise extended \$50,000 in relief aid and offered 10,000 plastic sheets.

5) TEPCO reports 50 problems at nuclear power plants, radioactive substances emitted into atmosphere

ASAHI (Page 1) (Slightly abridged)

July 18, 2007

Tokyo Electric Power Co. (TEPCO) announced yesterday that inspectors discovered radioactive substances emitted into the atmosphere from the main exhaust pipe at the No. 7 nuclear reactor of its Kashiwazaki-Kariwa nuclear power plant in Niigata Prefecture after the plant was hit by a major earthquake. The company also reported that a total of 50 problems were found at the seven reactors in the

power plant, such as 100 drums containing low-level nuclear waste falling over and water leaking from a conduit pipe. The July 16 quake exposed the unexpected weak points of a nuclear power plant.

After the earthquake, inspectors checked possible radiation leaks at the seven reactors yesterday afternoon. As a result, iodine, chromium, and cobalt were detected from the No.7 reactor.

According to TEPCO, the amount of substances emitted into the

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atmosphere was an estimate 300 million vectors, about one-thousandth of the amount allowed by safety regulations, so there will be no harmful effect on the environment. Radioactive substances are not usually leaked out of the plant. It remains unknown why they were emitted into the air.

At the No. 1-5 reactors, the shifting of an exhaust duct was discovered, but the possibility is reportedly slim that radioactive water was leaked.

About 100 drums containing low-level nuclear waste fell over at a warehouse, and the lids on several drums came off. In inspecting the floor, TEPCO detected 0.5 vectors of radiation per square meter. A total of 22,000 drums are stored at two warehouses.

At the No. 6 reactor, water containing a small amount of radiation flowed into the sea through the ditch from the spent fuel pool on July 16. On this problem, although the roof is still leaking, the outflow of water stopped, according to TEPCO. In addition, seven other transformers besides the one that caused the fire just after the earthquake were found damaged.

A TEPCO spokesperson said: "Other transformer fires could have broken out. Our system for putting out fires did not properly function. We must improve our safety system, including antiseismic reinforcement construction work."

#### 6) TEPCO reports late, PM offers strong criticism

TOKYO SHIMBUN (Page 1)  
July 18, 2007

Regarding the spate of problems surrounding the Tokyo Electric Power Co. (TEPCO) as a result of the Niigata Chuetsu earthquake, in particular the leakage of radioactive water from TEPCO's Kashiwazaki-Kariwa nuclear power plant, Prime Minister Shinzo Abe yesterday afternoon offered strong criticism: saying "(TEPCO's) reports were late. I have given them a sharp reminder that these types of reports must be made rigorously and with haste. We must have them reflect on their actions." The prime minister emphasized: "Nuclear plants cannot operate without the citizens' trust. Speedy reporting and disclosure of information are necessary in order to obtain this trust."

#### 7) Earthquake off Chuetsu region: Opposition parties are limited in what they can do to make quick response; Concern about impact on upcoming Upper House election

TOKYO SHIMBUN (Page 2) (Full)  
July 18, 2007

Opposition parties are concerned about a possible political impact of the earthquake that occurred off the Chuetsu area of Niigata Prefecture. They are making a public appeal about their quick responses to the disaster, as if to compete with Prime Minister Abe, by dispatching senior officials to quake-stricken areas. However, what they can do and their media exposure are naturally limited.

Senior opposition party members yesterday visited various disaster sites. Democratic Party of Japan (DPJ or Minshuto) Secretary General Yukio Hatoyama yesterday afternoon inspected Tokyo Electric Power Co.'s (TEPCO) Kashiwazaki-Kariwa Nuclear Power Plant, where water

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containing radioactive substance has spilled out. He also visited evacuees at a primary school in Kashiwazaki City. DPJ head Ichiro Ozawa, acting head Naoto Kan and Hatoyama met at the party headquarters in the afternoon. They agreed to call on the ruling camp to set up a Lower House disaster countermeasures special committee.

Japanese Communist Party Chairman Kazuo Shii took part in an on-the-street campaign to raise funds for disaster victims. The Social Democratic Party (SDP) dispatched an investigation team led by party head Mizuho Fukushima to Kashiwazaki City. Deputy Secretary General Masaki Itokawa of the People's New Party (PNP) inspected the damaged shopping district in the city.

However, some opposition party members complained that once a disaster occurs, it works to the advantage of the ruling camp, as a DPJ source put it. No matter how hard the opposition camp tries to listen to the voices of victims at disaster sites, it is the government and the ruling camp that take concrete measures from the standpoint of the state. Voters pay attention to the ruling parties, submerging the presence of the opposition parties.

Chances are that the pension flap, which the opposition parties intend to use as the greatest ammunition in the Upper House election, might lose its impact. Criticizing the government for its response to the issue could give the impression that the opposition camp's themes are working as a drag if they overdo it.

With the sluggish approval ratings for the Abe cabinet in mind, one senior DPJ official said, "The earthquake this time will not work in favor of the opposition camp, but its impact will not be so great as to change the current trend." However, there is a growing concern that a natural disaster, an incident that has been most afraid of, has occurred, as a mid-ranking DPJ member said.

8) Upper House election situation survey: Ruling coalition may lose its majority; DPJ moving to become number one party; LDP facing tough races in single-seat districts

YOMIURI (Top play) (Excerpt)  
July 18, 2007

Prior to the 21st election for the House of Councilors on July 29, the Yomiuri Shimbun carried out a nationwide opinion poll in order to gauge the election situation, backed up by the results of coverage by all the daily's local branches. The Liberal Democratic Party (LDP) is facing tough battles in the single-seat districts and other election districts, and the party lacks momentum in the proportional representation segment, as well. The New Komeito, too, is having difficulty gaining seats, so the possibility is strong that the opposition parties could secure 122 seats, or the majority line in the Upper House. It appears that voters are reacting strongly to such issues as missing pension records. The Democratic Party of Japan (DPJ or Minshuto) is moving ahead in both the district and proportional races, and the likelihood is that it may become the number one party in the Upper House, adding the seats that were not up for election. However approximately 50 % of the voters have not made up their minds about who to vote for in the district races, and approximately 30 % have not settled on which party to vote for in the proportional races. So until the day of the election, there remains a possibility that the situation could change again.

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9) Yomiuri poll: 78 % express "interest" in Upper House election; Abe Cabinet support rate sinks below 30 % line

YOMIURI (Page 1) (Excerpt)  
July 18, 2007

In a telephone-based nationwide opinion poll carried out by the Yomiuri Shimbun on July 14-16, 78 % of the respondents expressed either great or some "interest" in the upcoming Upper House election. This is a 13-point jump from the level of interest (65 %)

in the Upper House election expressed in a poll in 2004. Just looking at those expressing "great interest" in the election, there was a 15-point jump. On the question of whether the voters would "go to the polls without fail," 70 % answered affirmatively, slightly down from the 73 % who chose this answer in 2004. This reveals that interest in the election and actually desiring to vote are not necessarily linked.

10) Net poll on priority policies ahead of Upper House election:  
Question of "politics and money" rises to second due to Akagi scandal

NIKKEI (Page 3) (Abridged slightly)  
July 18, 2007

The results of the third Internet-based opinion poll ahead of the July 29 House of Councillors election showed changes in respondents' answers to a question asking their priority policies. Measures against the pension payment recordkeeping errors have constantly taken the top place since the first poll three weeks ago. At the same time, the question of "politics and money" scandals came in second in the latest poll, surpassing medical and nursing care and welfare. The question of politics and money has been drawing much attention due to Agriculture Minister Norihiko Akagi's shady office expenses and other issues.

In the survey, 61 % of respondents pointed out measures against the pension fiasco as their top priority. Although this figure was far greater than other issues, it dropped 2 percentage points from the previous poll a week ago.

The question of politics and money increased 6 percentage points to 53 %, and medical and nursing care and welfare dropped 3 percentage points to 49 %.

Akagi's office expenses scandal broke out on July 7 in the middle of the previous poll (July 6-9). Prime Minister Shinzo Abe clearly defended Akagi following his explanation. But voters are still paying high attention to it, given the opposition parties' calls for his voluntary resignation or Abe's dismissal of him.

In the previous regular Diet session, the ruling bloc successfully enacted the revised Political Funds Control Law requiring political fund-management organizations to attach receipts to their fund reports for every item costing 50,000 yen (excluding labor costs). In response to a question asking if voters highly evaluate a series of measures taken by the ruling camp, including the law revision, 'yes' dropped 5 percentage points to 28 %, while 'no' increased 6 percentage points to 65 %.

The positive evaluation of the government and ruling bloc's measures

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against the pension fiasco also decreased 5 percentage points to 44 %, while the negative evaluation increased 3 percentage points to 40 %.

Asked for a desirable administration after the election, those pointed to a non-LDP coalition administration led by the Democratic Party of Japan accounted for 37 % of the total, an increase of 2 percentage points. A coalition administration by part of the LDP and the DPJ came in second at 24 %, down 1 percentage point, followed by a coalition administration led by the LDP and the New Komeito at 12 %, down 2 percentage points. An LDP administration marked 7 %, the same as the last time.

Asked if they were "interested" in the Upper House election, 49 % of respondents said they were strongly interested, up 3 percentage points, while 39 % said they were interested to some extent, down 2 percentage points. In other words, a total of 88 % of respondents said they were interested in the election.

11) Minshuto President Ozawa believes party will fall short

ASAHI (Page 4) (Full)  
July 18, 2007

Minshuto (Democratic Party of Japan) President Ichiro Ozawa, Acting President Naoto Kan, and Secretary General Yukio Hatoyama yesterday discussed election strategy for the middle and later stages of the campaign for the July 29 House of Councillors election based on the results of its internal polling. Hatoyama said, "Campaign efforts in some districts are insufficient." Ozawa then took a severe view, saying, "Under these circumstances, we won't be able to attain our goal of winning 55 seats.

After the meeting, Hatoyama told reporters: "We will reschedule our campaigns focusing on electoral districts where we are fighting head to head. We are not allowed any optimism."

Ozawa is in charge of stumping in the prefectural electoral districts in the Tohoku region. Minshuto has stepped up its support in Tochigi Prefecture and the Hokuriku area, with Hatoyama saying, "We are doing a good job." It intends to add efforts to the campaigning in the Chugoku, Shikoku, and Kyushu regions, where the party is engaged in tough battles. Over the weekend senior party members will deliver speeches in three to five districts in which the party is fielding two candidates.

The largest opposition party will bring up the pension record fiasco, as well as issues involving money and politics, including the money scandal involving Agriculture Minister Akagi.

Hatoyama indicated that his party would refrain from carrying out election activities in Niigata Prefecture where a severe earthquake occurred. He stated: "We should consider that disaster victims may take our activities as performances for winning the election."

12) Absentee voting rate increases by 10 % over 2004 Upper House election

ASAHI (Page 4) (Excerpts)  
July 18, 2007

The ruling and opposition parties are now paying attention to the  
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turnout of early voting for the July 29 House of Councillors election. The reason is that the level of absentee voting will likely become an indicator forecasting the results of the Upper House race. According to an interim announcement on a poll conducted on July 13-15 by the Ministry of Internal Affairs and Communications (MIAC), the number of voters (in the prefectural electoral districts) totaled 683,046, up 10.46 % from that of the 2004 election. Some in the ruling camp praise the increase as a result of their calling on voters to cast their votes earlier than due, since July 29 will be the first Sunday after schools close and children begin their summer holiday period. But a senior New Komeito member said, "A high turnout rate will not be good for us."

In the previous Upper House election, although 7.17 million people cast their votes earlier than the voting date, the turnout for the poll (in the electoral districts) was 56.57 % or the fourth lowest in the postwar period, since the voter turnout on election day remained low. In the 2005 House of Representatives polls, there were 9.96 million absentee voters. The voter turnout was 67.51 % (in the single-seat constituencies), the highest rate since 1996 when the mixed electoral system of small and proportional representation constituencies was introduced.

One of the ruling Liberal Democratic Party (LDP) executive members sees the increase in the absentee voting rate this time around as favorable, saying:

"The organizations of candidates running in the proportional representation segment also are working well compared to the elections three and six years ago. Such is more than we expected. Some offices have already telephoned to voters asking whether they have voted or not."

The senior New Komeito member commented: "The number of absentee votes may exceed 10 million."

13) Kato criticizes Abe's diplomatic sense as outdated

YOMIURI (Page 4) (Full)  
July 18, 2007

Former Liberal Democratic Party Secretary General Koichi Kato in a speech in Tokyo yesterday expressed his hope for a shift in foreign policy by means of a change of prime minister, saying: "The pendulum always swings (from right to left). The country's foreign policy will regain balance if a well-balanced person becomes prime minister." Kato also harshly criticized the government's North Korea policy, saying: "Prime Minister Abe and Foreign Minister Aso's diplomatic senses are too ideological and outdated. They should guide a country of that sort (North Korea) into the right path. They have lost sight of the larger trend."

14) Close Japan-US cooperation confirmed for US force realignment

YOMIURI (Page 4) (Full)  
July 18, 2007

US Pacific Command Commander Timothy Keating, now visiting Japan, met separately yesterday with Foreign Minister Taro Aso and Defense Minister Yuriko Koike. As a result, they confirmed that Japan and the United States would continue cooperating closely in implementing missile defense and the realignment of US forces in Japan. In his

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meeting with Koike, Keating expressed a sense of alarm toward China's military buildup, saying: "Although military leaders have stressed that the military buildup is for self-defense, we must keep an eye on military modernization in China."

15) Adm. Keating avoids stating whether US will provide Japan with FX information

ASAHI (Page 4) (Full)  
July 18, 2007

Defense Minister Yuriko Koike met yesterday with visiting Admiral Timothy Keating, commander of the US Pacific Fleet. Regarding a next-generation main combat fighter, for which Japan plans to pick a model, Koike called on Keating to provide information on the state-of-the-art stealth fighter F-22 Raptor, saying, "I would like your full cooperation so that we can study the fighter's capabilities."

The US Congress prohibits exports of the F-22 for military security information protection. Keating stopped short of clarifying whether the United States would comply with her request, saying, "We would like to study together with Japan what's important for Japan and our future."

16) Chief delegates to six-party talks to meet today

MAINICHI (Page 6) (Full)  
July 18, 2007

Akiko Horiyama, Beijing

The six-party talks aimed at resolving the North Korean nuclear issue will hold a two-day session of their chief delegates in Beijing and discuss a full declaration of nuclear programs and disablement of nuclear facilities. The chief delegates from the six countries, including US Assistant Secretary of State Christopher Hill, arrived in Beijing one after the other. Japan's chief delegate, Kenichiro Sasae, director-general of the Foreign Ministry's Asian and Oceanian Affairs Bureau, told reporters in Beijing: "I think the meeting will begin with questions about North Korea's view about disablement."

Bilateral talks between the chief delegates of the United States and North Korea, between Japan and the US, and between Japan and South Korea were held yesterday for prior coordination of views ahead of a session of the chief delegates. Referring to Japan-DPRK talks, Sasae

said, "We are ready to respond to talks," but no bilateral talks with North Korea were arranged.

The focus of the chief-delegate session is on what the North Korean delegate will say about the DPRK's highly-enriched uranium (HEU) program. North Korea is likely to call on the US to delist it from the state sponsors of terrorism and provide a light water reactor. The six-party talks will resume for the first time since March, when they went into recess over the issue of how to handle North Korea-related money at Banco Delta Asia in Macao.

17) US, DPRK stress reconciliation, making clear their stance of leading "six-party talks"

SANKEI (Page 7) (Full)

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July 18, 2007

Takashi Arimoto, Toshu Noguchi, Beijing

On the eve of a session of the chief delegates to the six-party talks on the North Korean nuclear issue, the US and North Korean delegates yesterday visited their respective embassies in Beijing and stressed their reconciliatory mood, thereby making clear that they would now take the lead in the multilateral talks. The implementation of the six-party agreement that included the North's shutdown of its nuclear facility and the lifting of the freeze on North Korea's funds has helped to restart the six-party talks. However, given that the US and North Korea have been until recently at odds over the "next-phase steps," such as (abolition) of highly enriched uranium (HEU) nuclear programs, "The test starts now," US Assistant Secretary of State Christopher Hill said.

"We are in the same ballpark," Hill told reporters last night and stressed that there was no big difference between him and North Korean Vice Foreign Minister Kim Kye Gwan in terms of aiming for progress on the "next-phase steps."

Earlier in the day, Kim visited the US Embassy in Beijing and had a short meeting with Hill. Afterwards, the two officials dined together at a Szechuan Chinese food restaurant nearby. After lunch, Hill visited the North Korean Embassy in Beijing.

Hill appears to be making up for the delay until now by producing results as quickly as possible, since the Bush administration's remaining term of office is only a year and a half. The mutual visits to the embassies yesterday are viewed as part of the "confidence-building efforts," following Hill's visit to Pyongyang late June.

On the lifting of the freeze on North Korean funds, Hill fully accepted the North's request for a full return of the funds, but on the HEU programs, Hill stressed, "A transparent approach is necessary." Should he accept halfway measures, he would be simply exposed to criticism in the US, and the result could affect talks with Iran on its nuclear issue.

North Korea, which successfully extracted concessions from the US, appears to be growing more confident that multilateral talks will go in its favor. When Kim arrived in Beijing, he told reporters with a smile: "Please wait for (the fruit of the session)." North Korea apparently wants to follow the same negotiating pattern of first holding talks between the US and North Korea and then getting a bilateral agreement to be approved at a six-party meeting as it did in the US-North Korea talks in Berlin in January.

On the other hand, the North has made clear its stance of isolating Japan from other member nations. The pro-Pyongyang General Association of Korean Residents in Japan's (Chongryon) newspaper Choson Sinbo in its electronic edition dated yesterday reported: "Japan-North Korea relations are getting worse and worse. No bilateral dialogue are likely to take place for the time being." One source connected with the six-party talks also noted that during the session of the chief delegates, Kim would bring up the recent fraudulent case concerning the sale of Chongryon's property and

criticize the Japanese government's response.

18) WTO agricultural talks: New chairman's proposal harsh to Japan,

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limiting number of high tariff items to 4 % or 6 % of total trade items

YOMIURI (Page 9) (Excerpts)  
July 18, 2007

Geneva, Kaku Watanabe

Agricultural Committee Chairman Crawford Falconer during a meeting of the multilateral trade talks at the World Trade Organization (WTO) yesterday presented a new chairman's proposal aimed at settling agricultural talks, the primary concern, by the end of the year. The package contains severe specifics for Japan, including limiting the number of key trade items eligible for exceptionally high tariffs, which Japan wants to apply to rice and some other items, to up to 4 % or 6 % of all trade items.

Meeting the press after presenting the package of proposals, Falconer clarified his stance of urging member nations to make concessions, noting, "A final agreement will be very close to the package, or the talks will end without an agreement."

The chairman's proposal noted that key items should be up to 4 % or 6 % of all trade items. This is close to 1 %, the number the US wants to see, but far below the 10 % or 15 % called for by net importers of agricultural products, such as Japan.

Provided that this proposal is adopted, Japan's key items will be no more than about 40 or 60. The number of items which Japan regards as important tops 200 -- 17 for rice, 20 for flour, 47 for dairy products, and 56 for sugar. The outlook is that a majority of these products will not be treated as exceptions under the proposal.

The package did not directly mention the introduction of a ceiling on tariffs to lower tariffs on agricultural products to a set level, a proposal which Japan and other countries are strongly opposing.

19) Moving away from beef? US beef back on store shelves, but wholesale prices remain sluggish; Drop in distribution of short plate during import suspension to blame?

TOKYO SHIMBUN (Page 8) (Slightly abridged)  
July 18, 2007/07/18

Wholesale prices of beef, which had been hovering at high levels, are beginning to drop due. The reason is that the beef supply has sharply increased since June, following a partial revision of import conditions imposed on US beef and sluggish consumption due to unseasonably cool weather. Some have pointed out that the suspension of US beef imports has put a dent on supply of the boneless short plate preferred by Japanese, giving rise to a trend of consumers moving away from beef.

Imports of US beef had been banned since 2003, following the discovery of a BSE-infected cow. US beef imports resumed last summer. However, imports have been limited with such import conditions as opening all boxes for inspection and limiting beef eligible for export to cattle aged 20 months or younger. In addition, wholesale beef prices had been hovering at high levels due to the growing cost of feed caused by soaring corn prices.

However, US beef imports in June, based on preliminary figures

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issued by the animal quarantine station, sharply increased to approximately 4,300 tons, about 1.5 times higher than the amount imported in May, following the June introduction of sampling inspection instead of the practice of opening all boxes. The average price of beef carcass at the Tokyo Central Wholesale Market marked

1,069 yen per kg, down about 15 % from the February level and about 10 % from the previous year.

With the launching of Japan-US talks to review the cattle age condition, there has appeared a possibility of import conditions being eased possibly early next year. The outlook for an increased supply appears to have affected market prices. US Meat Export Federation Chairman Philip Seng expressed hope: "Japan's imports of US beef will reach 40,000 tons this year and return to the pre-ban level in a few years' time."

Retail prices at supermarkets are showing signs of dropping. However, consumer demand for beef is sluggish. The peak period for beef demand is mid-summer, but pessimistic voices are being heard among retailers, with one executive of a food manufacturer noting, "Beef sales this year will be no better than previous years."

SCHIEFFER